

RightCrowd FY22 Q2 Quarterly Activities Report and Appendix 4C:

RightCrowd generates \$4.2m revenue during Q2, wins first international Access Analytics deal, achieves revenue growth of 11% in H1 FY22 compared to PCP (unaudited) and 13% increase in ARR since 30 June 2021.

RightCrowd Limited ("RightCrowd") or ("Company"), a leading global developer of physical security, safety, and compliance software, is pleased to provide its Quarterly Activities Report in conjunction with the release of the Appendix 4C – Quarterly Cash Flow Report for the period ended 31 December 2021.

Highlights: (All figures are unaudited and are expressed in Australian dollars unless stated otherwise):

- Quarterly sales revenue of \$4.2m in Q2 FY22, down 5% versus prior comparison period (Q2 FY21: \$4.4m). H1 FY22 revenue of \$7.7m up 11% on prior corresponding period (H1 FY21: \$7.0m) driven by new client sales and ongoing subscription renewals.
- A further 7,400 of new presence control badge-holder sales invoiced during the Quarter bringing YTD badgeholders invoiced to 14,500 (or 54% of FY21 total). Additional orders were received in December for a further 1,700 units which will be shipped and invoiced in January.
- Contracted Annual Recurring Revenue (ARR)¹ at 31 December 2021 closed at \$9.1m, up 50% versus prior comparison period (Q2 FY21: \$6.1m), and up \$1.1m, or 13%, since end of FY21 (Q4 FY22: \$8.1m).
- As of 31 December 2021, RightCrowd's cash and cash equivalent balance closed at \$8.2m, up \$4.4m or 117% versus prior comparison period (Q2 FY21: \$3.8m).
- Net operating cash inflows were \$0.4m. Inflows were driven by customer receipts and receipt of the FY21 R&D grant during the Quarter.
- RightCrowd achieved its first international sale of Access Analytics during Q2. Pipeline continues to build and further sales are forecast to close in Q3.
- 2 new partners were added during the Quarter. In total, 16 new customers and partners have been added since the end of FY21.
- RightCrowd launched its inaugural Investor Newsletter during the Quarter and confirms that it will be presenting at the US OTCQX Virtual Investor Technology Conference in April 2022.

¹ ARR is measured as the total annualised value of active customer contracts for annual subscription, support, and maintenance services as at 31st of December 2021.

Financial Commentary:

Revenue & Lead Generation: RightCrowd generated \$4.2m of revenue in Q2, a 5% reduction on the prior year corresponding period (Q2 FY21: \$4.4m). When measured on a YTD basis, H1 revenue was \$7.7m which is 11% higher than prior year (H1 FY21: \$7.0m)

Revenue growth was driven by a further 7,400 of badge-holder hardware and SaaS software sales to both new and existing customers. It was pleasing to see limited churn during the Quarter despite a large portion of customers coming up for their first annual renewal during the Quarter. Total RightCrowd churn since FY21, as measured on an Annual Recurring Revenue basis, stands at 4.9%, of which 4.4% relates to Presence Control.

The Company also continues to extend its Workforce Management solutions at existing customers with scope extensions agreed at major enterprise accounts. Several material new enterprise deals sit at an advanced stage in the pipeline but have been re-forecast to close in Q3 and Q4.

With the ongoing challenges imposed by COVID-19 to companies across the globe, RightCrowd continues to see strong lead generation during Q2. These leads are now in the process of being qualified as future pipeline opportunities. Lead generation picked up in the USA and local markets in Australia and New Zealand also became much more active.

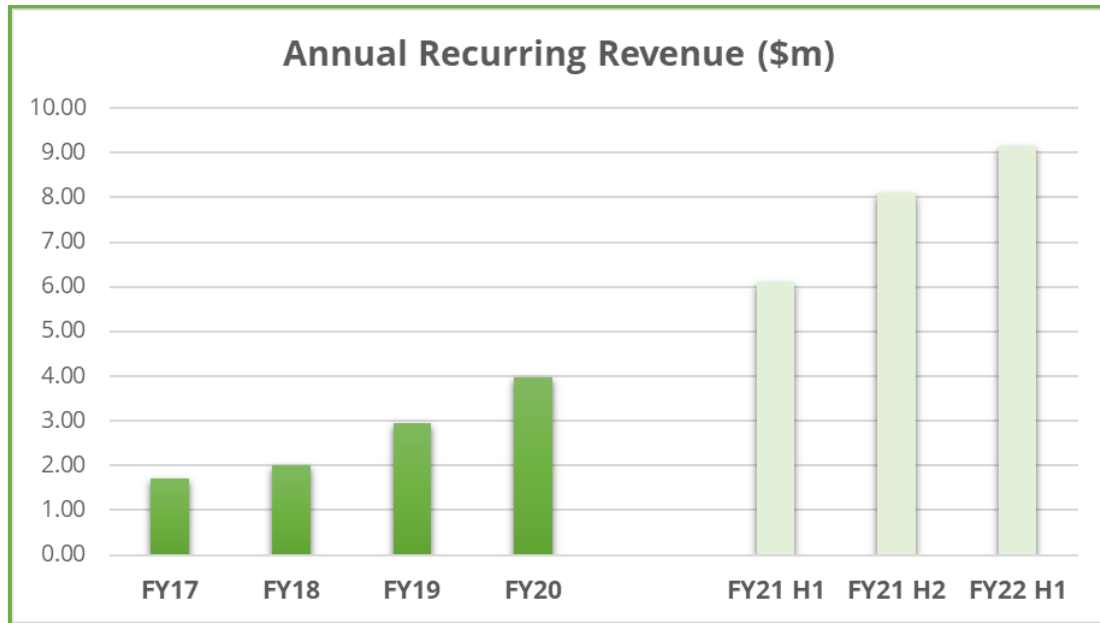
The recent executive level hires have commenced refining and executing the Company's strategies for sales, major customer relationships and products and solutions. As advised at the Annual General Meeting, we expect the benefits of these activities to begin to show in 2H FY22 and accelerate in FY23.

Annual Recurring Revenues (ARR): Annual Recurring Revenue continues to grow to over \$9.1m at end of Q2 FY22, which represents growth of 50% on prior year (FY21 Q2: \$6.1m) and 13% YTD growth (FY21 Q4: \$8.1m).

Workforce management solutions generate \$6.0m of ARR, while Presence Control is growing quickly and now makes up \$3.1m of total ARR.

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Graph: Annual Recurring Revenue as at end of reporting period

Cash: RightCrowd closed the Quarter with a cash & cash equivalent balance of \$8.2m. This included a receipt of the FY21 R&D grant of \$2.7m.

The receipt of the R&D grant contributed to positive operating cash inflow for the Quarter of \$0.4m. Included in operating cashflows are inventory related payments of \$0.9m to continue building up hardware for future presence control sales.

Operational Commentary:

Workforce Management (formerly known as CORE): Q2 was focused on generating pipeline and moving forward enterprise customer projects. A new regional bank in the US was added to the customer portfolio during the Quarter, while December delivered a record month for consulting revenue with over \$0.9m recognized, which was tied to project delivery milestones achieved at major enterprise clients.

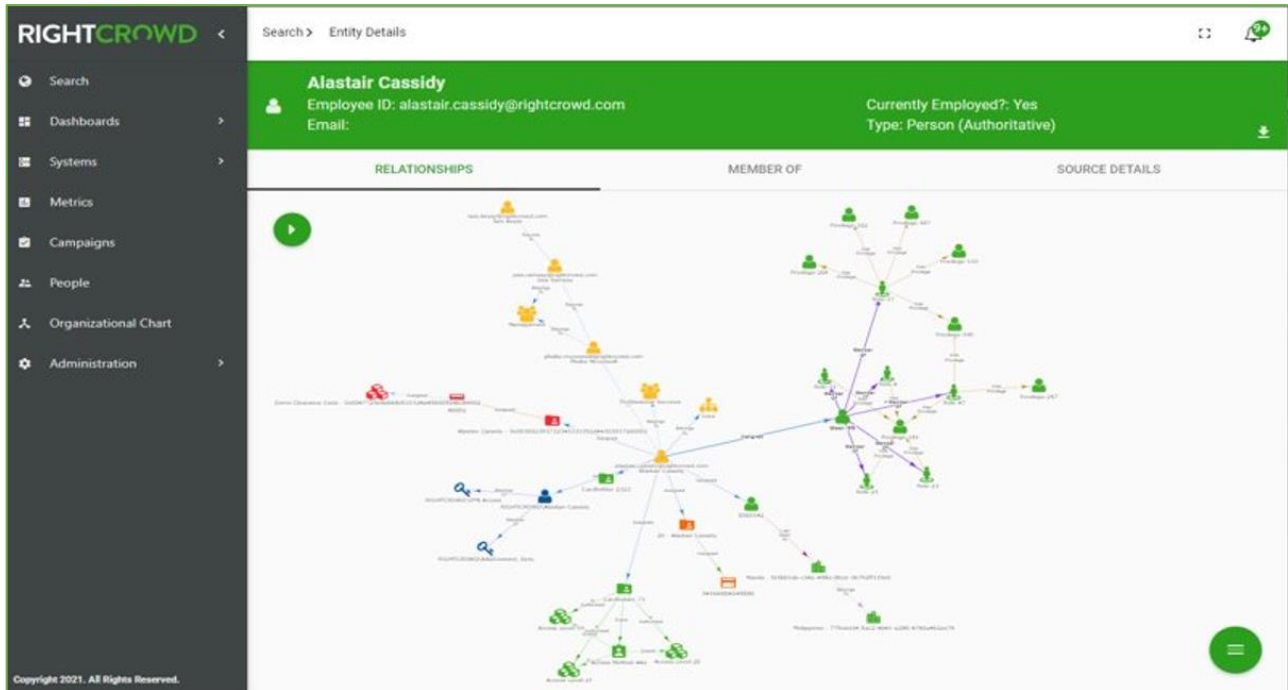
Presence Control: RightCrowd sold a further 7,400 Presence Control badgeholders in Q2 which was broadly in line with prior Quarter badge holder sales (7,000). A further 1,700 badgeholders had been sold in the Quarter however these will be delivered and invoiced in Q3. Momentum is forecast to accelerate over the next two quarters as channel partnerships come on-line.

A total of 14,500 badge holder units have been sold since the start of FY22 with continued demand from existing customers and 16 new customers & partners added since the start of FY21. A case study from one of the new customers added during the Quarter is available here:

https://www.rightcrowd.com/case_study/managing-covid-19-risks-in-the-resources-industry-at-stawell-gold-mines/

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Access Analytics: RightCrowd is pleased to announce its first international sale of the Access Analytics product (formerly RightCrowd IQ) to a large existing customer who is looking to upgrade its analytics capability over the physical access rights of its workforce. The first international sale represents a major milestone in the launch of the Access Analytics product, with several advanced pipeline opportunities marked for closure in Q3.



Picture: User Interface of Entity Relationships – Access Analytics

Channels and Alliances: RightCrowd continues to focus on developing partner channels and training several partners. RightCrowd added 2 new partners in the Quarter with the first sales from those partners flowing through for Presence Control during the Quarter.

Preparations are also underway for a RightCrowd booth at the annual ISC West conference to be held late March in Las Vegas, USA.

AGM and FY22 Outlook: RightCrowd held its Annual General Meeting in November and released an investor presentation to the market detailing its FY21 outlook. RightCrowd confirmed its targets for revenue growth and P&L break-even by end of FY23 and set its FY22 revenue target of \$19.8m as detailed in the investor presentation.

RightCrowd announces that it will be presenting at the US organized OTCQX Virtual Investor Technology conference on the 7th of April 2022. RightCrowd also launched its first Investor Newsletter during the Quarter providing investors with a summary of activity during the Quarter including any product updates, new appointments, or other public relations activities.

A link to the investor newsletter is provided here:

<https://www.rightcrowd.com/investor-relations/#1642554903799-6cbdcf11-8f80>

RightCrowd CEO and Managing Director, Peter Hill, said:

"RightCrowd continues to make progress towards broader commercialisation, with focus on launching the Access Analytics product and extending our partnerships being of particular focus this Quarter. The Company results continue to be solid, and we anticipate that H2 will be even stronger, consistent with RightCrowd's performance in the second half of previous financial years.

I am very pleased with the investments the company has been making both in product and personnel which will help position the Company well for the future."

Related Entities: Payments to related entities during the Quarter was \$0.1m which represented fees paid to the Board of Directors and Key Management Personnel (KMP) of RightCrowd.

Note to Market:

None of the information included in this announcement should be considered individually material, unless specifically stated. All figures in this announcement are provided on an unaudited basis.

This Company presentation may include certain statements, estimates or projections with respect to the anticipated future performance of the Company, the projects or both. Those statements, estimates or projections are based on assumptions about future events and management actions that may not necessarily take place and are subject to significant uncertainties, many of which are outside the control of the Company. Those assumptions may, or may not, prove correct. No representation is made as to the accuracy of those statements, estimates or projections.

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The release of this announcement was authorised by the Board of Directors.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

RightCrowd Limited

ABN

20 108 411 427

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,777	8,258
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(941)	(1,774)
(c) advertising and marketing	(190)	(273)
(d) leased assets	(146)	(286)
(e) staff costs	(4,384)	(8,707)
(f) administration and corporate costs	(348)	(1,055)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	5
1.5 Interest and other costs of finance paid	(36)	(68)
1.6 Income taxes paid	(1)	(1)
1.7 Government grants and tax incentives	2,699	2,885
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	430	(1,016)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(95)	(174)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	11	12
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(84)	(162)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(156)	(484)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	(156)	(484)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	8,027	9,872
4.2	Net cash from / (used in) operating activities (item 1.9 above)	430	(1,016)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(84)	(162)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(156)	(484)
4.5	Effect of movement in exchange rates on cash held	12	19
4.6	Cash and cash equivalents at end of period	8,229	8,229

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	8,229	8,027
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	8,229	8,027

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(124)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities	320	320
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities		
7.5	Unused financing facilities available at quarter end		0
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>Outstanding loan facilities at quarter end relate to the following:</p> <p>1. Insurance premium funding – \$247k. The group has an annual arrangement whereby the total cost of all insurance premiums is funded through a financial institution. The interest rate on the facility is 1.89% per annum and the maturity date is 30 October 2022. The group intends to renew the facility upon expiry.</p> <p>2. Payroll protection program loan – \$9k. The Payroll Protection loan was granted to the Group's U.S. based entities, the purpose of which was to provide assistance in meeting payroll obligations during the COVID-19 pandemic. The loan has an interest rate of 1% p.a. The Group has received forgiveness from the U.S. government for most of the amount lent. The residual balance has a 30-year repayment term.</p> <p>3. Small Business Administration loan – \$64k. The SBA loan was taken out for the Group's U.S. operations to provide further assistance during the COVID 19 pandemic. The loan has a 30-year repayment term with interest at the rate of 3.75% per annum.</p>		
8.	Estimated cash available for future operating activities	\$A'000	
8.1	Net cash from / (used in) operating activities (item 1.9)	430	
8.2	Cash and cash equivalents at quarter end (item 4.6)	8,229	
8.3	Unused finance facilities available at quarter end (item 7.5)	0	
8.4	Total available funding (item 8.2 + item 8.3)	8,229	
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A	
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:		
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?		
	N/A		

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

28 January 2022

Date:

Board of Directors

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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